

Case No. 83-1939

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Supreme Court, U.S.
FILED

JUN 22 1984

ALEXANDER L. STEVAS
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1983

PROFESSIONAL POSITIONERS, INC., a Wisconsin corporation,
PROFESSIONAL POSITIONERS, INC., a Delaware corporation,
GERALD W. HUGE, RICHARD W. ALLESEE,

Petitioners-Defendants,

vs.

TP LABORATORIES, INC., an Indiana corporation,
Respondent-Plaintiff.

ON APPEAL FROM THE COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED FOR REVIEW

Was there a "public use" of the subject invention within the meaning of 35 U.S.C. § 102(b)?

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REPORT OF OPINIONS

The opinion of the Court of Appeals for the Federal Circuit is additionally reported at 724 F.2d 965.

JURISDICTION OF THIS COURT

The reference to 28 U.S.C. § 210(c) should be 28 U.S.C. § 2101(c).

STATUTES INVOLVED

This case involves 35 U.S.C. § 102(b) as appearing on pages 1 and 2 of the petition and the following introductory portion of 35 U.S.C. § 282.

"A patent shall be presumed valid. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."

STATEMENT OF THE CASE

Jurisdiction in the District Court was based on 28 U.S.C. §1338 and the Final Judgment was entered on October 27, 1982, after the establishment of the United States Court of Appeals for the Federal Circuit, referred to as the Federal Circuit. Jurisdiction in the Federal Circuit is based on 28 U.S.C. §1295.

The patented invention is a tooth positioning appliance custom-fitted to a patient undergoing orthodontic treatment and wearable only by that patient. It consists of a molded resilient body having metal seating devices to enhance seating and retention of the appliance in the patient's mouth, thereby making the appliance much more effective than one not having the devices.

The District Court held the patent in suit invalid under 35 U.S.C. § 102(b) on the basis that the invention was in public use more than one year prior to the filing date of the patent application because of three uses which the Court held were not excepted under the experimental use doctrine. In its decision the Court relied on crucial findings of fact that the invention "proved satisfactory immediately" or "by April of 1959". (Appendix B pages 49-51) In its analysis of the experimental use issue, it held that the "inventor bears a heavy burden of showing that the public use was bona fide experimentation." (Appendix B pages 46-47)

The Federal Circuit not only found fault with the legal conclusions made by the District Court but also found fault with its findings of fact. It correctly applied the "clearly erroneous" standard to the fact findings but of course did not need to apply that standard to the legal conclusions.

In reaching its decision, the Federal Circuit clearly and accurately set forth the entire factual situation as supported by the evidence and which need not be repeated here. (Appendix B pages 4-10; 724 F.2d 966-68, Section I) Petitioners do not contest these facts. Next, the Federal Circuit carefully considers 35 U.S.C. § 102(b) its history and the analysis made by the District Court (Appendix B pages 13-17; 724 F.2d 968-70, Section IIA), concluding that the lower Court committed error in its legal analysis of the statutory and decisional law, and particularly that the shift in the burden of proof to the plaintiff led to an erroneous result. (Appendix B page 17; 724 F.2d 970)

It is at this point that the Federal Circuit, after observing that the District Court failed to follow the precedent of this Court in *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126, 24 L. Ed. 1000 (1877), stated that that decision is the "starting place for analysis of any case involving experimental use".¹ (Appendix B page 17; 724 F.2d 970)

The Federal Circuit next held that because "the statutory presumption of validity provided in 35 U.S.C. § 282 places the burden of proof upon the party attacking the validity of the patent, and that burden of persuasion does not shift at any time to the patent owner," it is incorrect for the District Court, in its analysis of the validity issue, to impose on the patent owner the burden of proving that a "public use" was "experimental". It then held that if a *prima facie* case is made that the invention

¹ Petitioners' contention on pages 16-17 of their brief that the District Court followed *Elizabeth* is not tenable as its only reference to *Elizabeth* is in connection with a statement concerning plaintiff's contention. (Appendix B pages 39-40)

was publicly used, the patent owner, if pleading such use to be experimental, must come forward with convincing evidence to show experimentation. (Appendix B pages 22-23; 724 F.2d 971) Contrary to petitioners' allegation, the Court did not require the challenger to have the burden of proving that the use is not experimental. (Appendix B page 22; 724 F.2d 971) Circuit Judge Nies, in a later decision, followed the same reasoning. *Barmag Barmer Maschinenfabrik AG v. Murata Machinery, Ltd., et al.*, 731 F.2d 831, 839 (Fed. Cir. 1984). The Court then emphasized that it is necessary to consider the entirety of the evidence to determine whether there has been a "public use". (Appendix B page 23; 724 F.2d 972)

Thereafter, it applied the legal principles to which it is bound to the undisputed factual evidence. Agreeing with the District Court that the uses of the device prior to the critical date were non-secret, it held that such did not constitute "public use" activity.² (Appendix B page 24; 724 F.2d 972) It found that the *testing* of the device *had* to be public, which is in accord with the evidentiary testimony relating to that issue including that of co-defendants Huge and Allesee and which is entirely acceptable under *City of Elizabeth*, although recognizing that it was beyond "reasonable probability" that a patient would disclose the device to others who would understand its function. (Appendix B page 25; 724 F.2d 972) It noted that control over

² Even though the evidence clearly proved secret use by the inventor and his partners as to the orthodontic profession and commercial orthodontic appliance laboratories, petitioners contend that because of the single fact that patients custom-fitted with the invention were not sworn to secrecy, a fact deemed unimportant by the Federal Circuit, that activity was "public use". Both the District Court and the Federal Circuit rejected this contention but agreed the custom fittings were non-secret because of this single fact. (Appendix B pages 24-25; 724 F.2d 972) However, respondent submits the secrecy issue should be decided on the entire evidence, not by a single fact, and that the entire evidence overwhelmingly weighs in favor of secrecy.

the testing was maintained by the inventor, and held that the District Court's findings that the invention "prove satisfactory immediately" or "by April of 1959" were clearly erroneous. (Appendix B page 26; 724 F.2d 972) Finding that the testing paralleled that in *City of Elizabeth*, where the testing of the invention covered six years, it followed the rules set down there that the testing had to be conducted over a long period of time, and then held the testing by Dr. Kesling was experimental.

Significantly, the Court of Appeals finally observed that even though plaintiff had the facilities to commercially exploit the invention, it was not done. Concluding, it held that the defense of invalidity based on "public use" within the meaning of 35 U.S.C. § 102(b) was not proven by the defendants. (Appendix B page 29; 724 F.2d 972-73)

SUMMARY OF ARGUMENT

Federal Circuit case law is controlled by the law of its predecessor courts and the Supreme Court.

The petition is confusing as to the points requiring consideration, incorrectly states the factual evidence, rehashes over-used factual innuendos not supported by the evidence, and relies on non-authoritative case law. It clearly does not raise any substantial question for this Court.

Petitioners do not show that the Federal Circuit has violated any statute or authoritative decision in holding the burden of proving patent invalidity never shifts from the party attacking the patent.

Finally, the factual basis on which the Federal Circuit decision is based does not violate F.R.C.P. 52(a) because the facts relied upon are clearly supported by the evidence and are in accord with findings of the District Court, except where the "clearly erroneous" standard was applied with respect to crucial District Court findings.

ARGUMENT

The Federal Circuit Is Not Bound By The Decision Law of Other Circuits.

The petitioners overlook the purpose and responsibility of the Court of Appeals for the Federal Circuit which took form on October 1, 1982.

This Court, a merger of the Court of Claims and the Court of Customs and Patent Appeals, has among other appellate duties exclusive jurisdiction over patent appeals from the district courts.³ It is an Article III court at the same level as the existing twelve Circuit Courts of Appeal. The purpose of granting it jurisdiction over patent appeals was to eliminate the long identified forum-shopping and unsettling inconsistency in adjudications so that there would be nationwide uniformity.

The Court accepts, in its first published opinion, as precedent and binding the holdings of the Court of Claims and the Court of Customs and Patent Appeals. *South Corporation v. The United States*, 690 F.2d 1368, 1370 (Fed. Cir. 1982).

It is well established that each of the twelve regional appeal courts is not bound by the decisions of the others. The Federal Circuit, being a sister court and on an equal footing, is likewise not bound by the regional courts.

For good reason, scholars have already stated that the Court has far exceeded its expectations in producing well reasoned opinions, making patent litigation more predictable and eliminating expensive, time-consuming forum-shopping.

³ 28 U.S.C. § 1295(a)(1).

Neither The Statutes Nor The Case Law By Which The Federal Circuit Is Bound Deems The Burden Of Proof To Shift To The Patentee Where Experimental Use Is Involved.

The petition is replete with misrepresentations and unsupported, immaterial factual assertions and relies upon non-authoritative case law.

For example, petitioners' continued reference to "reduction to practice" misrepresents the facts and is not supported by the evidence or even a finding by the District Court. With respect to the evidence, petitioners are in error to state that plaintiff agreed that reduction to practice occurred in 1956. Perhaps more important, the District Court, not needing to reach the issue of reduction to practice, found that the invention was only conceived in 1956. (Appendix B page 42) Even so, experimental use following "reduction to practice" does not constitute "public use" activity.

It is conceded by petitioners that the doctrine of experimental use exists only in case law, as it is not in the pertinent statutes, 35 U.S.C. § 282 and 35 U.S.C. § 102(b). Likewise, they concede that there is no foundation in Section 282 for shifting the burden of proof to the patentee at any time. Section 282 clearly assigns the task of proving invalidity on the challenger. And petitioners do not point to any contrary authoritative case law.

Petitioners contend that circuit case law supports the proposition that once a use prior to the critical date is proven the burden of proof shifts to the patentee to prove it is experimental. They therefore complain that the Federal Circuit, in rejecting the concept of shifting the burden, is against the "current of authority" and reversed a long-standing rule. They further imply it creates a conflict that should be resolved. This reasoning is faulty since the Federal Circuit is now the only one with jurisdiction over patent appeals; it cannot create any

conflict with other circuits, and it is not bound by any "current of authority" from other circuits.

Further, as suggested by the petitioners in the selected case quotations on pages 6 to 12 of their brief, coming from only five circuits,⁴ the concept of shifting the burden of proof to the patentee to prove experimental use is thought to be founded in *Smith & Griggs Mfg. Co. v. Sprague*, 123 U.S. 249 (1887). The Federal Circuit, while not being bound by this circuit law, rejects this view and astutely points out that even if the Court in *Smith & Griggs* intended to impose that burden on the inventor, it is untenable in view of the statutory presumption of validity subsequently enacted. (Appendix B page 32; 724 F.2d 971)

Moreover, the Federal Circuit emphasizes that the concept of shifting the burden of proof does not exist in the landmark *City of Elizabeth* case, which is the starting place for analyzing any case involving experimental use and which was followed in the later decided *Smith & Griggs* case, *supra*, pages 257-8.

Finally, the Federal Circuit made it abundantly clear that as against the backstop of the presumption of patent validity, under Section 282, the challenger has the sole burden of proving a defense including invalidity under Section 102(b). (Appendix B page 21; 724 F.2d 971) Maintaining the burden on the party attacking the patent squares with the precedent the Federal Circuit has already established. In *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1534 (Fed. Cir. 1983), the court stated:

"The presumption, like all legal presumptions, is a procedural device, not substantive law. It does require the decisionmaker to employ a decisional approach that starts with acceptance of the patent claims as valid and that looks to the challenger for proof of the contrary. Thus the party asserting invalidity not only has the procedural

⁴ Those cases finding "public use" do so *only* where commercial exploitation of the invention through sales is clearly present.

burden of proceeding first and establishing a prima-facie case, but the burden of persuasion on the merits remains with that party until final decision. The party supporting validity has no initial burden to prove validity, having been given a procedural advantage requiring that he come forward only after a prima-facie case of invalidity has been made. With all the evidence in, the trial court must determine whether the party on which the statute imposes the burden of persuasion has carried that burden."

The lucid treatment of the burden of proof issue by the Federal Circuit provides a single standard of placing the burden where it properly belongs in a similar fashion where it has soundly rejected other circuit court invented rules that lack statutory support, such as the requirement of synergism.⁵

The Federal Circuit Did Follow The "Clearly Erroneous" Standard.

It is contended by petitioners that the Federal Circuit altered the facts and violated the clearly erroneous standard of F.R.C.P. 52(a). Petitioners particularly single out the analysis of the patient record cards on page 25 of their brief. Yet, they do not point to a District Court factual finding relative to these cards which is not being followed by the Federal Circuit. Some of the facts recognized by the Federal Circuit relative to the patient record cards in evidence were not mentioned by the District Court, but they are clearly supported as seen by a mere review of the cards themselves, and such facts are not disputed by defendants and are material to the issue of experimentation. This cannot be considered to be fact alteration or disregard of Rule 52(a). However, it does suggest that the District Court failed to consider the entire material evidence when analyzing the case.

⁵ *Chore-Time Equipment, Inc. v. Cumberland Corporation*, 713 F.2d 774, 781 (Fed. Cir. 1983); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548-9 (Fed. Cir. 1983).

Petitioners' reference to Patent No. 2,531,222 is argumentative and of no probative value, as it was not discussed by the District Court or the Federal Circuit for the simple reason that it was not a material fact to the resolution of the "public use" issue. If the reference is meant to contend the patent shows "public use", that is absurd, and petitioner does not cite any authority to support the contention. Further, there is no connection between this point and the application of Rule 52(a).

With respect to those facts that are argued as being material and emanating from the District Court, they were found to be clearly erroneous by the Federal Circuit. (See Statement of Case, pages 4-5, *supra*)

Perhaps the most significant observation made by the Federal Circuit was that despite the fact that the inventor had readily available facilities for exploiting the invention on a commercial basis, that was not done. Surprisingly, this observation was not made by the District Court or even referred to in the face of overwhelming evidence supporting it and in view of argument by plaintiff that it was controlling. Further although vigorously contended otherwise by defendants, the District Court did *not* find any commercial exploitation or that the invention was sold prior to the critical date. This contrasts with the overwhelming commercial exploitation found in *Smith & Griggs* where over 7,000,000 buckle levers made from the patented machine were sold. A classic case of experimentation without commercial exploitation is *City of Elizabeth*. This case is identical in this respect, and the defendants have not seriously contended otherwise.

CONCLUSION

It is submitted that petitioners have not met the burden of showing any special and important reasons for granting review of this case. The question of conflict is not an issue, nor has the Federal Circuit departed from the accepted and usual adjudication proceedings. On the contrary, the Federal Circuit has by its opinion closely followed the pertinent statutes and the decision law of this Court. Their review and reference to the evidence comports with well established Appeals Court procedure. It is clear as so cogently reasoned by the Federal Circuit that petitioners have not proven a "public use" of the subject invention within the meaning of 35 U.S.C. § 102(b), and that petitioners therefore have not carried the burden of overcoming the statutory presumption of validity.

Accordingly, the petition for writ of certiorari should be denied.

Respectfully submitted,

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